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Progress report on the write-off of contingent-owned equipment at liquidated missions

Note by the Secretary-General

Summary

The information contained in this report is submitted pursuant to paragraph 15 of General Assembly resolution 56/241, of 1 February 2002.

The present report summarizes the progress made between July 2001 and April 2002, in the processing and settlement of contingent-owned equipment written-off at liquidated missions (see annex I).

As reported in the support account budget for the period 2001-2002 (A/55/862), a total of 1,365 cases pertaining to write-offs of contingent-owned equipment for 36 Member States were pending processing, with some Member States having cases at more than one mission (see annex I). A total of 1,326 cases have been processed during the period and the respective Member States have been requested to concur with the proposed reimbursable amounts. Fifteen Member States have consented and an amount of $7,292,813 has been placed in accounts payable for settlement of these write-off cases when funds become available. Response has not yet been received from 21 Member States. Thirty-nine cases (among them the most complicated) are currently being processed, and it is expected that all of the cases will be processed by the end of 2002 and submitted to Member States for concurrence of calculated reimbursement amounts before certification.

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I. Specific aspects of the processing of contingent-owned equipment write-off cases

1. The reimbursement for write-off of equipment is governed by the old contingent-owned equipment guidelines, dated 18 January 1995, under which the United Nations reimburses the "residual" value of the contingent-owned equipment written-off. To arrive at the "residual" value, the calculation is based on the original value of the equipment, less the depreciation of the equipment, based on the year of manufacture and the United Nations rates of depreciation.

2. The processing of a contingent-owned equipment write-off case may have been triggered by a write-off voucher in the field, or, by the recommendation of the Local Property Survey Board. Depending on the nature of the recommendation of the Local Property Survey Board, it may be forwarded to the Headquarters Property Survey Board for further verification and recommendation. Once a recommendation is final, the Finance Management and Support Service of the Department of Peacekeeping Operations processes the case and determines the amount reimbursable to the troop-contributing country for equipment written-off, including any adjustment concerning the usage factors already paid on such equipment. Unlike standard contingent-owned equipment claims that are reimbursements, the application of usage factors in the calculation of write-off cases can sometimes result in a recovery from the troop-contributing country. Irrespective of the write-off being a reimbursement or a recovery, the concurrence of the troop-contributing countries is required prior to certification of the write-off case. (See annex II for work-flow.)

3. It is important to note that the processing of write-off cases is different from the processing of other normal contingent-owned equipment claims. In standard contingent-owned equipment claims, the troop-contributing country initiates a claim and the processing of it is specific to that particular claim item. However, with the processing of contingent-owned equipment write-off cases, it is rather a progression through a series of steps, over a period of time. That is, the Secretariat makes the calculations for these contingent-owned equipment write-off cases based on voluminous documentation, wherein each item being written-off is verified to have arrived at the mission, to have been included in the in-survey and not to have been repatriated (as verified by the out-survey).

4. An additional difference between standard claim processing and contingent-owned equipment write-off cases concerns the complexity of the processing involved. The complexity rests not with complex mathematical formulae, but rather with the extremely labour-intensive and time-consuming necessity of re-creating the specific facts of what actually occurred and determining the amounts calculated and real disbursements made or affected.

5. The research stage is further complicated by the fact that the cases often pre-date the current processing by many years and most, if not all, of the personnel involved are no longer available; documents detailing the circumstances and/or amounts have been archived and are difficult to retrieve; most supporting documentation of the previous calculations made (the usage factors) are not available; and, finally, in many cases, the values of the contingent-owned equipment as declared in the in-survey and/or the values as reflected in the contingent-owned equipment write-off vouchers were subsequently revised, requiring a reverification

of facts and a recalculation of all relevant figures. As a consequence, and in order to process these cases, the Secretariat must analyse the in-survey and out-survey reports line by line, to ascertain and verify both the quantity/value and the year of manufacture of the equipment as well as the rate to be used for any adjustment of overpaid usage factors made in the ensuing years at the field mission.

II. Delays experienced in the processing of contingent-owned equipment write-off cases

6. In addition to the complex nature of processing these cases, there are other causes that have contributed to delays and difficulties in the contingent-owned equipment write-off cases. These can be summarized as follows:

(a) The withdrawal of gratis personnel in early 1999 severely limited the capability of the Secretariat to process contingent-owned equipment write-off cases;

(b) The Headquarters Property Survey Board did not have the delegation of authority to review the contingent-owned equipment write-off cases. To remedy this situation, a Contingent-Owned Equipment Board was established in 1998 to review and provide recommendations on the backlog of cases. Although this task was nearly completed by 2000, owing to a lack of information and/or supporting documentation, certain cases (included in the 39 pending cases) could not be processed and were deferred by the Property Survey Board, pending the requested additional information/clarification and/or documentation. The Secretariat is currently following up on these cases;

(c) Irrespective of the contingent-owned equipment write-off cases being a reimbursement or a recovery, the concurrence of the troop-contributing countries is required prior to certification of the write-off amount. This has also caused some delay, as indicated in annex I, which shows that approximately one third of the amounts have so far received concurrence from the troop-contributing countries;

(d) In very rare cases, the contingent-owned equipment write-off claim has not been made known to the Secretariat. In these cases, the troop-contributing countries informed the Secretariat of the write-off vouchers that had been prepared by the Contingent Commander at the field mission. The Secretariat has consequently reviewed and verified the information and prepared a submission to the Property Survey Board for review and recommendation. It should be noted, however, that, due to the time that has lapsed, it has been extremely difficult to not only prepare the case, but also for the Headquarters Property Survey Board to make a recommendation on the amount reimbursable.

III. Steps taken to complete the task of processing of the contingent-owned equipment write-off cases

7. At the beginning of 2001, the Claims and Information Management Section of the Secretariat established and deployed a dedicated team of three personnel to process the write-off cases. The strength was further increased to four fully dedicated staff in June 2001.

8. Better coordination within the different sections of the Secretariat has provided better monitoring of cases with regard to submission of additional information to the Property Survey Board for consideration and regarding recommendations on the pending cases.

IV. Conclusion

9. The contingent-owned equipment write-off cases are calculated utilizing the old reimbursement methodology. Consequently, it is not envisioned that the number of pending cases will grow. The Secretariat continues to target its efforts at completing the processing of the pending contingent-owned equipment write-off cases by the end of 2002 and to appraise the Member States of the amounts due to them for contingent-owned equipment written-off at the liquidated missions.

Annex I

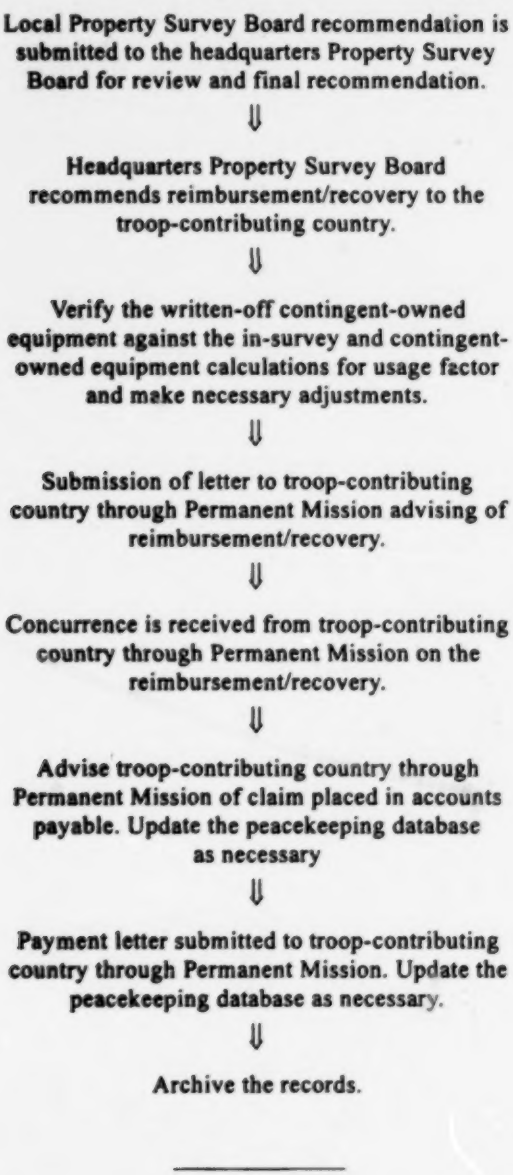
Status of contingent-owned equipment write-off cases at liquidated missions as of April 2002

Liquidated missions[a]	Number of write-off cases awaiting to be processed		Number of write-off cases processed	Amount awaiting concurrence from troop-contributing country (in United States dollars)	Amount certified or in accounts payable (in United States dollars)
	As at July 2001	As at April 2002	As at April 2002		
UNSMIH	2	-	2	26 022	5 842
ONUMOZ	11	9	2	49 709	-
UNAMIR	43	-	43	2 226 317	-
UNAVEM/MONUA	28	1	27	368 636	249 150
UNOSOM	29	11	18	1 888 749	1 748 787
UNPROFOR	1 242	18	1 224	11 793 087	5 289 034
UNTAC	10	-	10	74 796	-
Total	**1 365**	**39**	**1 326**	**16 427 316**	**7 292 813**

[a] UNSMIH = United Nations Mission in Haiti. ONUMOZ = United Nations Operation in Mozambique. UNAMIR = United Nations Assistance Mission to Rwanda. UNAVEM/MONUA = United Nations Angola Verification Mission (I-III)/United Nations Observer Mission in Angola. UNOSOM = United Nations Operation in Somalia (I and II). UNPROFOR = United Nations Protection Force. UNTAC = United Nations Transitional Authority in Cambodia.

Annex II

Flow chart on reimbursement of contingent-owned equipment write-off claims at liquidated missions


Local Property Survey Board recommendation is submitted to the headquarters Property Survey Board for review and final recommendation.
Headquarters Property Survey Board recommends reimbursement/recovery to the troop-contributing country.
Verify the written-off contingent-owned equipment against the in-survey and contingent-owned equipment calculations for usage factor and make necessary adjustments.
Submission of letter to troop-contributing country through Permanent Mission advising of reimbursement/recovery.
Concurrence is received from troop-contributing country through Permanent Mission on the reimbursement/recovery.
Advise troop-contributing country through Permanent Mission of claim placed in accounts payable. Update the peacekeeping database as necessary
Payment letter submitted to troop-contributing country through Permanent Mission. Update the peacekeeping database as necessary.
Archive the records.